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PRECAMBRIAN SHIELD
RESOURCES LIMITED

Annual Report
1974

PRECAMBRIAN SHIELD RESOURCES LIMITED

(Incorporated under the laws of the Province of British Columbia)

DIRECTORS — EARL E. CURRY, Edmonton
WALTER E. CLARKE, Edmonton
JOHN D. CURRY, Edmonton
STEWART D. MCGREGOR, Edmonton
JOHN BRUK, Vancouver

OFFICERS — EARL E. CURRY, President
WALTER E. CLARKE, Vice-President
and Secretary

AUDITORS — Ernst & Ernst, Edmonton

SOLICITORS — Lawrence & Shaw, Vancouver

REGISTRAR AND
TRANSFER AGENT — Guaranty Trust Company of Canada
Vancouver — Toronto — Edmonton

BANKERS — Bank of Montreal, Edmonton and
Yellowknife

LISTING — Toronto Stock Exchange

PRINCIPAL OFFICE — 11th Floor, Petroleum Plaza, North Tower
9945 - 108 Street
EDMONTON, Alberta T5K 2G6

Annual General Meeting, May 2nd, 1975, 10:00 A.M.

Tudor Room, Georgia Hotel, 801 West Georgia Street

VANCOUVER, British Columbia

PRECAMBRIAN SHIELD RESOURCES LIMITED

(Incorporated under the laws of the Province of British Columbia)

REPORT OF THE DIRECTORS

To the Shareholders:

The Board of Directors is pleased to present the Annual Report of the Company for the year ended November 30th, 1974. Also included are the audited financial statements, a review of activities for the year and an account of events since that time.

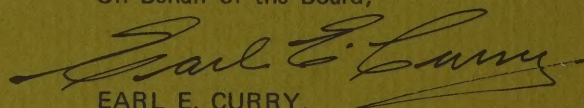
During the year the Company received proceeds totalling \$667,705 from the issue of 1,228,150 shares. Working capital at the date of writing is approximately \$380,000. Investments in two associated companies, Bellanca Developments Ltd. and Precambrian Mining Services Limited, are accounted for utilizing the equity method of accounting. DeVries Mining Ltd. (N.P.L.), formerly a wholly-owned subsidiary, was wound up during the year thereby eliminating the need to consolidate financial statements.

Your Company continues to emphasize gold in its exploration and development activities. Management has not recognized any political, economic or monetary development over the past year which would prompt your Company to lessen the high priority placed on gold exploration. Communications from shareholders lead management to believe that you strongly endorse this policy.

A detailed review of Precambrian Shield's overall activities are contained elsewhere in this report. On perusal of same, it will be readily apparent that the main thrust of your Company's exploration work during 1975 will be directed at the newly optioned Ladner Creek gold property located near the Town of Hope, British Columbia. This property holds excellent possibilities for developing into a large tonnage, low to medium grade operation. Numac Oil & Gas Ltd. are joint venture partners in this project.

We extend our sincere thanks to the many people who support us in our endeavors — our joint venture partners, management of associated companies and you, the shareholders.

On Behalf of the Board,


EARL E. CURRY,
President

April 1st, 1975
EDMONTON, Alberta

PRECAMBRIAN SHIELD RESOURCES LIMITED

(Incorporated under the laws of the Province of British Columbia)

REVIEW AND OUTLOOK

LADNER CREEK PROJECT

On February 27th, 1975 your Company, on an equal sharing basis with Numac Oil & Gas Ltd., signed an option agreement with Carolin Mines Ltd. (N.P.L.) on its 78 claim Ladner Creek gold property, 10 miles north of Hope, B.C. A 60% interest in the property may be earned by the performance of work sufficient to prepare a feasibility report and a commitment to place the property in production. Precambrian Shield will be the operator.

The property encompasses four prospects, Idaho, Aurum, Montana and Pipestem, which have been known since the 1920's and partially explored by short adits. Minor production was attained from the Aurum and Pipestem. In the mid-1940's eight shallow drill holes on the Idaho returned gold values over appreciable widths but were considered to be uneconomical with gold at \$35 per ounce. In 1973, Carolin Mines Ltd. (N.P.L.) commenced surface geological, geochemical and magnetometer surveys, excavated and sampled trenches and rehabilitated and sampled several adits, principally on the Aurum and Idaho Zones. This work was followed by a surface diamond drilling program on the Idaho, which with only a few short interruptions, continued through to January, 1975.

The 16,286 feet of diamond drilling in 33 holes has partially explored the Idaho Zone over a length of 1,100 feet and maximum width of 500 feet and indicate the presence of two main replacement bodies (the Upper and Lower) which are believed to be localized along both limbs and on the nose of a flat lying fold whose axis strikes about N30°W and plunges northwesterly about 15° to the horizontal. The nose of the fold marks the western limit of mineralization which extends easterly along the flanks of the fold for lengths up to 400 feet. The vertical thickness of each zone varies from 20 feet to over 100 feet.

Your Company engineers spent several weeks' intensive study of all available data which resulted in estimating drill indicated reserves for the combined Upper and Lower Zones at 1.5 million tons averaging 0.114 ounces gold per ton, using a 0.05 ounces gold per ton cut-off, or 825,000 tons averaging 0.159 ounces gold per ton at a 0.09 ounces gold per ton cut-off. In both cases a 50 foot maximum area of influence around each drill hole was assumed. Both zones are strong in the most northerly hole, No. 33, a 200 foot stepout from previous drilling. Gold values improved with the Upper averaging 0.223 ounces gold per ton across 74.4 feet and the Lower 0.206 ounces gold per ton over 25.3 feet. A new zone, 35 feet above the Upper, averaged 0.174 ounces gold per ton over 25.2 feet. Impressive, but presently isolated mineralized intersections, both above and below the two main zones, provide further impetus to continued exploration of the Idaho.

Other sectors of the property appear to have considerable exploration potential. A gold geochemical anomaly, 3,500 feet to the north, and the Montana and Pipestem Zones to the northeast are important targets requiring more detailed testing which will be scheduled with overall property exploration planning. Present indications point to the eventual development of a large tonnage operation.

Diamond drilling resumed in late March and Hole No. 34, 150 feet east of No. 33, is now well advanced. Approximately 7,000 feet of drilling, primarily within the Idaho Zone, are contemplated to be followed by an underground bulk test and accumulation of other data required for preparation of a feasibility report, at a minimum estimated cost of \$880,000.

Upon Precambrian-Numac's election to place the property in production, Carolin Mines Ltd. (N.P.L.) may maintain a 40% interest in the property by contributing its share of all expenditures over and above \$880,000, or may revert to a 20% net profits interest.

AP GROUP

50% interest in 19 mineral claims held under option.

The property, which was optioned in January, 1975 by your Company and Numac Oil & Gas Ltd. as equal participants, is located 45 miles east of Yellowknife, N.W.T. and adjoins the WT property on the east. A prominent shear structure, which can be traced for over 2,000 feet with widths up to 200 feet, occurs along a sedimentary-rhyolitic and basic volcanic contact zone and underlies the claim group. Low gold assays were obtained from float and outcrop at the sides of the shear and an airborne electromagnetic conductor, indicating the possible presence of base metal concentrations, was reported near the southern extremity of the rhyolite mass.

Ground magnetometer and electromagnetic surveys have just been completed and initial reports from the field indicate that anomalous responses have been obtained from both survey methods. Further exploration, including diamond drilling, appears warranted.

WT GROUP

50% interest in 27 mineral claims, three of which have been surveyed and brought to lease.

The planned 1,000 foot underground exploration program on the Main No. 1 Zone, approximately 85 feet below surface was completed June 25th on the Company's gold property, 43 miles northeast of Yellowknife, N.W.T. A 15-hole 3,650 foot underground diamond drilling program tested the No. 1 and No. 3 Zones below the level along a strike length of 350 feet.

Development of the No. 1 Zone on the 1st Level outlined a mineralized shoot 175 feet long by 43 feet wide (627 tons per vertical foot) grading 0.146 ounces gold per ton. When combined with diamond drilling and surface trenching assay information, this shoot from surface to 50 feet below the 1st Level is estimated to contain 64,265 tons averaging 0.157 ounces gold per ton.

The No. 3 Zone did not respond to diamond drill testing at depth. The No. 1 Zone quartz veining and sulphide mineralization continue strong to 100 feet below the 1st Level, but gold values are lower. A northerly rake carries the above mineralized shoot beyond the reach of drilling from existing underground workings but continuity of values to depth could be adequately investigated by drilling from surface.

Considering the relatively small indicated tonnage and the status of development of neighboring gold properties, it has been decided to defer further exploration for the present.

Sale of all the Company's mining equipment utilized in the program has just been negotiated.

NOSE GROUP

100% interest in 40 mineral claims, all of which have been surveyed and brought to lease.

The 3,430 foot, 14-hole diamond drilling program completed early in the year was dealt with in some detail in the 1973 Annual Report. No further exploration work was conducted on the property in 1974, but the remaining 34 claims were surveyed and brought to lease. All of this work was financed by Numac Oil & Gas Ltd. as part of its contribution to earn a 50% interest in the property.

SELWYN PROJECT

The Company's 25% participation in this joint venture with Dynasty Explorations Limited, Atlas Explorations Limited and Numac Oil & Gas Ltd. was continued in the search for large stratiform base metal deposits within the Selwyn Basin approximately 100 miles northeast of Ross River, Yukon Territory.

The exploration work was conducted on 8 separate claim groups with the major effort being concentrated on the PAS Group (which adjoins Placer Development Ltd. property) and the SAND and GUN Groups. An 8-hole, 675 foot diamond drilling program on the SAND and GUN Groups, to check results of expanded geochemical and geological coverage, was disappointing.

On the PAS Group, close to 5,000 feet of bulldozer trenching in 12 trenches and 1,661 feet of diamond drilling in 4 holes established continuity of the favorable black shale horizon over a strike length in excess of 6,500 feet and to a maximum depth of 200 feet below surface. Lead and zinc values in all cases were sub-economical. Due to its location, the property is being held in good standing pending results of future work on neighboring properties.

A limited bulldozer trenching program on the GULL Group, approximately 8 miles northwest of the PAS Group has been recommended for 1975, but is dependent upon several logistical factors, including bulldozer availability. Further work on other claim groups is being held in abeyance.

PAN GROUP

50% interest in 36 mineral claims held under option.

This gold property, optioned in May, 1974 in equal participation with Numac Oil & Gas Ltd., is located approximately 250 miles northeast of Yellowknife, N.W.T., within five miles of the important Contwoyto Lake gold deposit of Canadian Nickel Company. Prior exploration work disclosed gold mineralization associated with altered, quartz-rich amphibolites, characteristic of other gold occurrences in the area. Four such sub-parallel horizons comprise the main zone, which has been traced for 1,200 feet over widths varying from 10 feet to 25 feet. The best sector is 430 feet long and from chip sampling of eleven trenches the average grade is 0.21 ounces gold per ton over a 9.2 foot width.

Further testing of the zone should be by shallow diamond drilling, but implementation of such a program will be largely dependent upon other exploration activity in the general Contwoyto Lake area.

GENERAL

Reconnaissance exploration in the Northwest Territories continued, with gold being of primary interest. In the Point Lake area, 200 miles north of Yellowknife, a 2 mile long sheared contact zone was explored by geochemical and geophysical methods. Previous work indicated the presence of gold and silver values but no specific drill targets emerged from this work although two features may warrant testing at some future date. The MM group of 19 claims covers the area of interest.

Rock trenching and sampling of a giant quartz stockwork, known to contain low gold and copper values, was completed on the 15 claim QS property, also located in the Point Lake area. Results were not encouraging and the program was terminated.

Four gold prospects were examined and reconnaissance exploration carried out in two localities believed to be favorable for sedimentary-type gold deposits. No additional work is planned on these projects.

Oil and gas exploration permits held in the Liard area of British Columbia, in which your Company held a 10% interest, were allowed to lapse during the year.

In addition to the properties reviewed above, varying interests are held in some 523 mineral claims in 32 claim groups in the Northwest Territories.

BELLANCA DEVELOPMENTS LTD.

Construction of a five storey addition to the Bellanca Building was completed during the year. This modern, ten-storey office building is located in the City of Yellowknife, capital of the Northwest Territories.

Eighty-six percent of the space is currently under lease, largely to Government agencies, and negotiations are well advanced for the lease of the remaining area.

Substantial income from this source may be expected in the future from this investment as your Company holds a 45.3% share equity in Bellanca — the largest single interest.

PRECAMBRIAN MINING SERVICES LIMITED

This Yellowknife-based engineering and service company, 41% owned by Precambrian Shield, experienced a profitable year despite the problems inherent in operating a highly cyclical northern business. Your Company received dividends of \$12,285.00 from this source during the year.

REGISTRAR AND TRANSFER AGENT

Guaranty Trust Company of Canada continue as the Registrar and Transfer Agent for the Company. However, changes have been made with respect to the location of cities in which Co-Transfer Agents are maintained. Effective January 1st, 1975 the Co-Transfer Agent services of the Winnipeg and Calgary branches were terminated and the Edmonton branch added. Thus, the services of Guaranty Trust Company of Canada as Transfer Agent for the shares of the Company are now available in Vancouver, Toronto and Edmonton.

ERNST & ERNST

CHARTERED ACCOUNTANTS

ASSOCIATES IN PRINCIPAL
CITIES OF THE UNITED STATES
THE UNITED KINGDOM
AND OTHER COUNTRIES

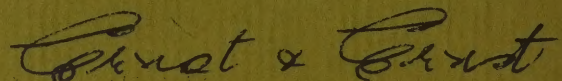
900 CANADA TRUST BUILDING
10150 - 100 STREET
EDMONTON 15, ALBERTA
429-4791

To the Shareholders,
Precambrian Shield Resources Limited.

We have examined the balance sheet of Precambrian Shield Resources Limited as at November 30, 1974 and the statements of deficit, deferred exploration and related expenditures and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Company at November 30, 1974, and the results of its operations and changes in financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Edmonton, Alberta,
February 14, 1975



Chartered Accountants

BALANCE SHEET

PRECAMBRIAN SHIELD RESOURCES LIMITED

November 30, 1974

(With comparative amounts for 1973)

	1974	1973
ASSETS		
CURRENT ASSETS		
Cash	\$ 10,063	\$ 2,685
Term deposits including accrued interest of \$764	365,764	-0-
Prepaid expenses	<u>-0-</u>	<u>913</u>
TOTAL CURRENT ASSETS	375,827	3,598
INVESTMENT IN AFFILIATED COMPANIES - Note A	190,504	179,905
PROPERTY AND EQUIPMENT		
Mineral claims - Note B	75,010	75,006
Land, building and equipment - at cost - Note C	25,276	22,277
Unamortized leasehold improvements	2,828	-0-
Interest in non-producing petroleum and natural gas permits - at cost	<u>-0-</u>	<u>21,361</u>
	103,114	118,644
DEFERRED EXPLORATION AND RELATED EXPENDITURES	<u>531,389</u>	<u>280,287</u>
	<u>\$1,200,834</u>	<u>\$582,434</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ -0-	\$ 7,932
SHAREHOLDERS' EQUITY		
Share capital - Note B and D:		
Common Stock, no par value:		
Authorized 5,000,000 shares;		
Issued:	1974	1973
For cash	3,269,818	2,041,668
For mineral claims	<u>750,000</u>	<u>750,000</u>
	4,019,818	2,791,668
Deficit	<u>104,371</u>	<u>62,998</u>
	<u>1,200,834</u>	<u>574,502</u>
	<u>\$1,200,834</u>	<u>\$582,434</u>

See notes to financial statements.

APPROVED ON BEHALF OF THE BOARD:

Paul E. Curry Director
Walter E. Clarke Director

STATEMENT OF DEFICIT

PRECAMBRIAN SHIELD RESOURCES LIMITED

Year ended November 30, 1974

(With comparative amounts for 1973)

	<u>1974</u>	<u>1973</u>
Deficit at beginning of year	\$ 62,998	\$ 51,295
Add:		
Cost of petroleum and natural gas permits abandoned	23,067	-0-
Costs related to issue of common shares	34,505	-0-
Exploration and related expenditures		
applicable to mineral claims abandoned	6,449	15,189
Other	<u>236</u>	<u>1,364</u>
	127,255	67,848
Deduct:		
Equity in net earnings		
of affiliated companies - Note A	<u>22,884</u>	<u>4,850</u>
DEFICIT AT END OF YEAR	<u><u>\$104,371</u></u>	<u><u>\$ 62,998</u></u>

See notes to financial statements.

STATEMENT OF DEFERRED EXPLORATION
AND RELATED EXPENDITURES

PRECAMBRIAN SHIELD RESOURCES LIMITED

Year ended November 30, 1974

(With comparative amounts for 1973)

	<u>1974</u>	<u>1973</u>
Exploration:		
Prospecting and development	\$ 6,449	\$ 7,570
Share of expenditures under exploration agreements	<u>243,673</u>	<u>111,097</u>
	250,122	118,667
Administration:		
Salaries	26,744	12,551
Professional fees	8,719	4,878
Rent and utilities	4,318	1,346
Printing and stationery	2,876	-0-
Registrar and transfer agent fees	2,032	563
Dues and fees	1,872	-0-
Office supplies	1,839	414
Travel	1,532	2,368
Telephone and telegraph	1,186	732
Annual meeting	560	543
Real estate taxes	332	366
Amortization	257	-0-
Other	<u>2,819</u>	<u>2,715</u>
	55,086	26,476
	<u>305,208</u>	<u>145,143</u>
Interest income and other recoveries:		
Interest income	29,908	5,948
Recovery of administration expense	<u>17,749</u>	<u>1,210</u>
	47,657	7,158
NET EXPLORATION AND RELATED EXPENDITURES FOR YEAR	257,551	137,985
Balance deferred at beginning of year	<u>280,287</u>	<u>157,491</u>
	537,838	295,476
Less transferred to deficit on abandonment of mineral claims	<u>6,449</u>	<u>15,189</u>
	<u>\$531,389</u>	<u>\$280,287</u>
Summary:		
Exploration expenditures less amounts transferred to deficit on abandonment of mineral claims	\$500,438	\$256,765
Administration	116,372	79,035
Interest income and other recoveries	(85,421)	(55,513)
	<u>\$531,389</u>	<u>\$280,287</u>

See notes to financial statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION

PRECAMBRIAN SHIELD RESOURCES LIMITED

Year ended November 30, 1974

(With comparative amounts for 1973)

	<u>1974</u>	<u>1973</u>
Source of funds:		
Dividends received from affiliated company	\$ 12,285	\$ 36,704
Net proceeds from sale of common shares	<u>633,200</u>	<u>-0-</u>
	645,485	36,704
Use of funds:		
Net exploration and related expenditures for year	257,551	137,985
Equipment additions	2,999	2,251
Purchase of leasehold improvements	2,828	-0-
Other	<u>1,946</u>	<u>4,866</u>
	265,324	145,102
INCREASE (DECREASE) IN WORKING CAPITAL	380,161	(108,398)
Working capital (deficiency) at beginning of year	(<u>4,334</u>)	<u>104,064</u>
WORKING CAPITAL (DEFICIENCY) AT END OF YEAR	<u>\$375,827</u>	<u>(\$ 4,334)</u>
Represented by:		
Current assets	\$375,827	\$ 3,598
Current liabilities	<u>-0-</u>	<u>7,932</u>
	<u>\$375,827</u>	<u>(\$ 4,334)</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

PRECAMBRIAN SHIELD RESOURCES LIMITED

November 30, 1974

Note A - ACCOUNTING POLICIES

- 1) The Company follows the equity method of accounting for its investment in common shares of affiliated companies. Under the equity method, the Company's investments in such companies are carried on the balance sheet at cost and adjusted for their undistributed share of earnings or losses. The Company's share of the net earnings of these companies is reflected annually in income rather than when realized through dividends. The investment is reduced when dividends are received.

Investment in affiliated companies:

	<u>1974</u>	<u>1973</u>
Precambrian Mining Services Limited		
Shares:		
Cost	\$ 58,186	\$ 58,186
Equity in accumulated earnings	<u>34,713</u>	<u>29,500</u>
	92,899	87,686
Less dividends received	<u>56,202</u>	<u>43,917</u>
	36,697	43,769
Bellanca Developments Ltd.		
Shares:		
Cost	136	136
Equity in accumulated earnings	<u>17,671</u>	<u>-0-</u>
	17,807	136
Debentures	<u>136,000</u>	<u>136,000</u>
	<u>153,807</u>	<u>136,136</u>
	<u>\$190,504</u>	<u>\$179,905</u>

- 2) During the year the Company's wholly-owned subsidiary, DeVries Mining Ltd. (N.P.L.), was wound up. Comparative amounts for 1973 include the subsidiary's accounts.
- 3) On March 1, 1974 at the request of the Toronto Stock Exchange, the Company changed its name to Precambrian Shield Resources Limited.

NOTES TO FINANCIAL STATEMENTS

PRECAMBRIAN SHIELD RESOURCES LIMITED

November 30, 1974

Note B - MINERAL CLAIMS

The mineral claims, all of which are located in the Mackenzie Mining District of the Northwest Territories, include the following:

53 mineral claims acquired in 1966 which form part of the consideration for the issuance of 750,000 common shares of the Company	\$ 75,000
Interests varying from twenty-five to fifty percent in 573 mineral claims, acquired through participation in exploration agreements, at nominal value	10
	<u>\$ 75,010</u>

Note C - BUILDING AND EQUIPMENT

No provision for depreciation of buildings and equipment will be recorded until such time as the mineral claims are brought into production.

Note D - SHAREHOLDERS' EQUITY

Share capital:

The following common shares of no par value were issued during the year for cash:

	<u>SHARES ISSUED</u>	<u>PROCEEDS</u>
By issue and sale to underwriters	800,000	\$ 374,000
By exercise of share purchase warrants	398,150	278,705
By exercise of employee options	<u>30,000</u>	<u>15,000</u>
	<u>1,228,150</u>	<u>\$ 667,705</u>

Under a stock option plan the Company has reserved 170,000 common shares for issuance to employees. Options expiring September 26, 1978, on 150,000 shares exercisable at a price of 50¢ per share, have been granted. During the year options on 30,000 shares were exercised.

NOTES TO FINANCIAL STATEMENTS

PRECAMBRIAN SHIELD RESOURCES LIMITED

November 30, 1974

Note E - CONTINGENT LIABILITY

The Company and other shareholders of Bellanca Developments Ltd. are contingently liable as guarantors of a mortgage loan in the amount of \$1,585,000, and bank loan of \$80,000, to finance an office building in Yellowknife, Northwest Territories. The Company's 136 shares represent 45.3% of the share equity of Bellanca Developments Ltd.

Note F - REMUNERATION

Remuneration to directors and officers, three of whom are full time employees of the Company, for the current year amounted to \$51,400 (1973 - \$24,400); of this amount \$16,652 (1973 - \$3,800 plus \$5,145 in management fees) has been recovered from joint venture partners.

